

## *Naming Rights Analysis*

**Objectives.** An NBA team relocated and prematurely left its home venue. The venue in which it operated and played had a naming rights sponsorship that was still under contract when the team departed. The sponsoring firm sought to determine the remaining value of the naming rights deal in the absence of the NBA team which had left the venue.

**Challenges & Methodologies.** Measuring the value of a naming rights sponsorship is difficult primarily because of the error in measuring the number of impressions and the quality of each impression. The market approach would normally be one of the primary steps taken to measure the value of the sponsorship. However, a large venue without a major tenant is rare. Determining its value would require other methods.

Variants of both the market and income approach were used to determine value. An econometric model of naming rights prices was used to determine the upper bound value of the naming rights and cost per impression. Venues with and without major tenants were included to help simulate the loss of a tenant. An analysis of the expected number and quality of impressions was performed.

**Outcomes.** A report was submitted to the client and used as the basis for settlement talks to resolve the issue. As a result of our analysis, the client received a fair settlement.